LAW FOUNDATION OF NOVA SCOTIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001

CONTENTS

	PAGE
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations and Changes in General Fund	3
Statement of Operations and Changes in Restricted Fund	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8

AUDITORS' REPORT

To The Board of Governors of the Law Foundation of Nova Scotia

We have audited the statement of financial position of the Law Foundation of Nova Scotia as at March 31, 2001 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions on Nova Scotia Barristers' Society members' mixed trust funds which is not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts received from financial institutions and recorded in the records of the Law Foundation of Nova Scotia.

In our opinion, except for the effect of the adjustments, if any, had interest credited by financial institutions been susceptible to complete audit verification, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2001 and the results of its operations, changes in net assets and cash flows for the year then ended, in accordance with generally accepted accounting principles.

CHARTERED ACCOUNTANTS

Bedford, Nova Scotia

April 22, 2001

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2001

	2001	2000
	$	$
ASSETS		
CURRENT ASSETS		
Cash	**229,535**	172,021
Accounts receivable	**9,220**	18,115
Prepaid expenses	**2,063**	2,046
4.5% Guaranteed Investment Certificates	**1,714,677**	1,404,552
	1,955,495	1,596,734
INVESTMENTS - RESTRICTED (note 3)	**1,686,716**	1,609,803
CAPITAL ASSETS (note 4)	**8,388**	11,829
	3,650,599	3,218,366
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**4,194**	6,448
Designated grants payable (note 5)	**1,053,432**	770,355
	1,057,626	776,803
NET ASSETS		
GENERAL FUND	**906,257**	831,760
RESTRICTED FUND	**1,686,716**	1,609,803
	2,592,973	2,441,563
	3,650,599	3,218,366

COMMITMENTS (note 6)

APPROVED ON BEHALF OF THE BOARD

Governor

Governor

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF OPERATIONS AND CHANGES IN GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
	$	$
REVENUE		
Interest on trust accounts	1,935,955	1,405,359
Interest on guaranteed investment certificates	80,996	51,717
	2,016,951	1,457,076
GRANTS (note 5)	1,835,587	859,333
	181,364	597,743
EXPENSES		
Salaries and benefits	73,987	74,464
Accounting and audit	7,418	6,084
Rent and common area	8,560	8,472
Office	5,713	4,312
Telephone	1,805	1,877
Computer consulting	1,668	373
Travel and meetings - board	3,753	2,614
Travel - staff	599	2,071
Bank charges	(220)	297
Miscellaneous	-	568
Depreciation	3,584	4,829
	106,867	105,961
EXCESS OF REVENUE OVER EXPENSES	74,497	491,782
NET ASSETS - beginning of year	831,760	339,978
NET ASSETS - end of year	906,257	831,760

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
	$	$
REVENUE		
Interest	**84,771**	85,493
EXPENSES		
Broker's fees	**7,858**	7,298
EXCESS OF REVENUES OVER EXPENSES	**76,913**	78,195
NET ASSETS - beginning of year	**1,609,803**	1,531,608
NET ASSETS - end of year	**1,686,716**	1,609,803

LAW FOUNDATION OF NOVA SCOTIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	151,410	569,977
Depreciation	3,584	4,829
Approved grants	1,847,028	859,333
Payment of grants	(1,563,951)	(597,737)
	438,071	836,402
Change in noncash working capital balances		
Accounts receivable	8,895	(7,959)
Prepaid expenses	(17)	(335)
Guaranteed investment certificates	(310,125)	(858,655)
Accounts payable and accrued liabilities	(2,254)	(1,235)
	134,570	(31,782)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	(143)	(6,725)
Investments - Restricted	(76,913)	(78,195)
	(77,056)	(84,920)
CHANGE IN CASH DURING THE YEAR	57,514	(116,702)
CASH - beginning of year	172,021	288,723
CASH - end of year	229,535	172,021

LAW FOUNDATION OF NOVA SCOTIA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001

1. DESCRIPTION OF OPERATIONS

The Law Foundation was established in 1976 by a Nova Scotia statute and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

Guaranteed Investment Certificates - Unrestricted
These short-term investments are recorded at cost.

Investments - Restricted
These investments, that have been restricted by the Foundation's Board of Directors are recorded at cost. The total market value as detailed in note 3 is $1,621,502 (2000 - $1,540,553).

Revenue Recognition
Interest on trust accounts is recorded on a cash basis when transferred to the Foundation. Interest on investments, unrestricted and restricted are recorded on the accrual basis.

Capital Assets
Capital assets are stated at cost. Depreciation is provided using the following annual rates and methods:

	Rate	Method
Office equipment	20%	Diminishing balance
Furnitures and fixtures	20%	Diminishing balance
Computer hardware	3 years	Straight line
Computer software	3 years	Straight line

Fund Accounting
The board of directors has internally restricted funds to finance future operations of the Foundation. The net investment income earned on these assets is recorded in the restricted fund.

The general fund accounts for the Foundation's day-to-day activities which include the interest income on lawyers' trust accounts, the interest income on the short-term investments, less grants approved and paid, and the administrative expenses relating to the running of the Foundation.

3. INVESTMENTS - RESTRICTED

The Foundation has internally restricted funds amounting to $1,686,716 (2000 - $1,609,803) for the purpose of covering continuing commitments should the Foundation not have sufficient resources to maintain its future grants.

	2001	2000
	$	$
Fixed income funds (market value - $1,192,447)	1,229,624	1,257,348
Equity funds (market value - $310,757)	338,794	247,122
Money market fund	116,946	102,789
Cash	1,352	2,544
	1,686,716	1,609,803

4. CAPITAL ASSETS

	2001			2000
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Office equipment	21,449	15,318	6,131	7,664
Furniture and fixtures	4,292	2,130	2,162	2,702
Computer hardware	6,819	6,819	-	1,463
Computer software	4,971	4,876	95	-
	37,531	29,143	8,388	11,829

5. DESIGNATED GRANTS

The Board of Governors has approved grants totalling $1,847,028 less $11,441 of grants revoked relating to the previous year, for a net of $1,835,587, during the year ended March 31, 2001 (2000 - $859,333). Grants that have been approved but remain unpaid at year end are reported as liabilities. These unpaid grants are expected to be paid out of existing cash resources and future revenues.

6. COMMITMENTS

The Foundation rents it's premises under a long-term lease which expires August 31, 2001, the annual rental for which is $3,228.

The Foundation has approved the following grants which have not been recorded in the financial statements to date:

For the year April 1, 2001 to March 31, 2002	$477,000
For the year April 1, 2002 to March 31, 2003	$430,000

7. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.